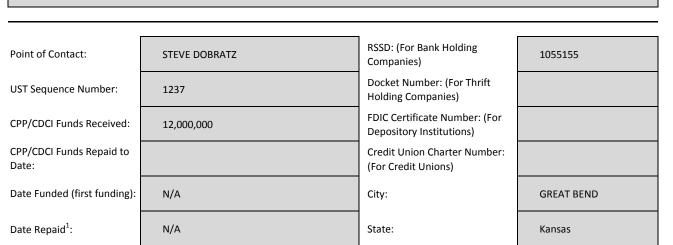


(Include Holding Company Where Applicable)

FARMERS ENTERPRISES II	NC



<sup>&</sup>lt;sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X	X Increase lending or reduce lending less than otherwise would have occurred.			
	WE WERE ABLE TO SUSTAIN OUR RESIDENTIAL MORTGAGE LOAN PROGRAM DUE TO EXTRA CAPITAL PROVIDED BY TARP			







FAI	RMERS ENTERPRISES INC	
Х	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
RESIDENTIAL MORTGAGE LOANS		
	Increase securities purchased (ABS, MBS, etc.).	
	Make other investments.	







FA	FARMERS ENTERPRISES INC		
_	_		
	Increase reserves for non-performing assets.		
X	Reduce borrowings.		
	REDUCED BORROWED FUNDS AND BROKERED CD'S BY ABOUT 25M		
	Increase charge-offs.		







(1110	(Include Holding Company Where Applicable)			
FARMERS ENTERPRISES INC				
	Purchase another financial institution or purchase assets from another financial institution.			
Χ	Held as non-leveraged increase to total capital.			
	0			





NAME OF INSTITUTION (Include Holding Company Where Applicable)

FARMERS ENTERPRISES INC

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?			
WE WERE ABLE TO MAINTAIN OUR LENDING VOLUME AND MANAGE OUR LIABILITY REDUCTIONS IN AN ORDERLY MANNER DUE TO THE			
EXTRA CAPITAL CUSHION THE TARP FUNDS PROVIDED, THIS GAVE OUR PRIMARY REGULATOR A GREATER COMFORT LEVEL IN WORKING			
WITH US AS WE DEALT WITH PROBLEM ASSETS. WITHOUT THE TARP FUNDS WE WOULD HAVE HAD TO REDUCE LENDINIG AND QUICKLY			
REDUCE OUR LIABILITIES			





NAME OF INSTITUTION

(Include Holding Company Where Applicable)	1789
FARMERS ENTERPRISES INC	

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?			
MAINTAIN LENDING VOLUME AND ACTIVITY			



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FARMERS ENTERPRISES INC	
Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.	

NONE IN THE PAST YEAR		